

**STATE OF MICHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
OFFICE OF FINANCIAL AND INSURANCE SERVICES**

Before the Commissioner of the Office of Financial and Insurance Services

In the matter of:

**Fire Insurance Exchange
NAIC No. 21652**

Enforcement Case No. 04-2824

Respondent
_____ /

Issued and entered
on the 22nd day of November, 2004
by Linda A. Watters,
Commissioner

CONSENT ORDER AND STIPULATION

A. FINDINGS OF FACT AND CONCLUSIONS OF LAW

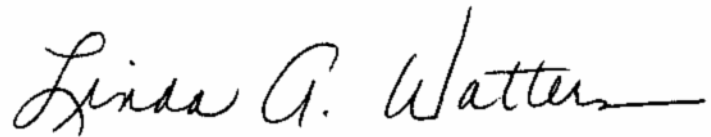
1. At all pertinent times Fire Insurance Exchange ("Respondent") was licensed to transact insurance business in Michigan.
2. OFIS received a complaint from XXX ("XXX").
3. XXX stated he applied for a \$1,200,000 homeowner's policy. (Policy No. 71 92625 30 51.) Coverage was bound at the time of the application.
4. Respondent issued a notice of cancellation, indicating that coverage was being cancelled because, "Homes valued at \$500,000 are ineligible for coverage in Farmer's Insurance Group."
5. Initially Respondent advised OFIS the reason XXX's application was denied was because field agents only have binding authority of \$500,000.
6. Later Respondent's agent Lydell Woods advised OFIS, "Farmers underwriting determined that they are willing to insure the property for 1.2 million if additional business is received from the XXXs. Farmers underwriting decided not to risk insuring a \$1,200,000 dollar home without additional business."

7. Tim Ohmer, CPCU from Respondent confirmed Respondent does not insure large risks without additional business.
8. Requiring additional business cannot be a factor in determining eligibility for homeowner policies.
9. By failing to insure XXX's home without additional business, Respondent has violated Section 2103 of the Michigan Insurance Code.

B. ORDER

Based on the findings of fact and conclusions of law above and Respondent's stipulation, it is ORDERED that:

1. Respondent shall immediately cease and desist from violating Section 2103 of the Insurance Code, MCL 500.2103.
2. Respondent shall pay to the State of Michigan, through the Office of Financial and Insurance Services, a two hundred and fifty dollar (\$250.00) civil fine. This amount shall be paid within thirty (30) days of the date of entry of this Order.

A handwritten signature in black ink, reading "Linda A. Watters", followed by a horizontal line extending to the right.

Linda A. Watters, Commissioner
Office of Financial and Insurance Services